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November 8, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 24207 FILED

NOV 08 '02

3-04 PM

Dear Mr. Williams:

SURFACE TRANSPORTATION BOARD

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Lease, dated as of October 7, 2002, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: ATEL Capital Equipment
Fund VIII, LLC
235 Pine Street
6th Floor
San Francisco, CA 94104

Lessee: The Kansas City Southern
Railroad Company
427 West 12th Street
Kansas City, MO 64105

A description of the railroad equipment covered by the enclosed document is:

300 covered hoppers bearing road numbers KCS 312250 – KCS 312549, inclusive.

Mr. Vernon Williams
November 8, 2002
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A short summary of the document to appear in the index follows:

Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', with a stylized flourish extending to the right.

Robert W. Alvord

RWA/anr
Enclosures

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE is executed as of October 7, 2002, between ATEL CAPITAL EQUIPMENT FUND VIII, LLC, ("ATEL"), a California limited liability company, with its principal office at 235 Pine Street, 6th Floor, San Francisco, California 94104, and THE KANSAS CITY SOUTHERN RAILROAD COMPANY, ("KCSR"), a Missouri corporation, with its principal office at 427 West 12th Street, Kansas City, Missouri 64105.

WITNESSETH

ATEL, as Lessor, and KCSR, as Lessee, entered into Master Full Service Lease Agreement ("Master Lease") dated as of October 7, 2002 and Rider No. 1 dated as of October 7, 2002, which incorporates the terms and conditions of the Master Lease and together with the Master Lease is the "Lease". The Lease covers 300 used 1981 Pullman Standard 4750 cubic foot, trough hatch covered hoppers with single outlet gates and 263,000 pound capacity bearing road numbers KCS 312250-312549, inclusive, (the "Railcars").

The base lease term is seven (7) years beginning on the first day of the month after delivery and acceptance of the last Railcar, expected to be prior to January 1, 2003, with a two (2) year renewal option available to ATEL upon written notice to KCSR at least 90 days prior to expiration of the base lease term.

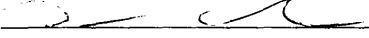
This Memorandum of Lease has been executed and delivered by the parties for the purpose of recording and giving notice of the Lease.

IN WITNESS WHEREOF, ATEL and KCSR have executed this instrument as of the date first above written.

ATEL CAPITAL EQUIPMENT
FUND VIII, LLC

By: ATEL Financial Services, LLC, Mgr.

By: ATEL Leasing Corporation, Mgr.

By: 

Name: Dean Cash
President

Title: _____

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

By: 

Paul J. Weyandt

Vice President & Treasurer

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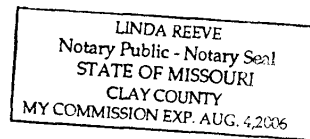
SURFACE TRANSPORTATION BOARD

(STATE OF MISSOURI)
) ss
(COUNTY OF JACKSON)

On this 31st day of October, 2002, before me personally appeared Paul J. Weyand, to me personally known, who being duly sworn, did depose and say that such person is Vice President & Treasurer of The Kansas City Southern Railway Company and that the foregoing Master Full Service Lease Agreement was signed on behalf of said corporation by authority of its Board of Directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

(seal)

Linda Reeve
Notary Public



(STATE OF California)
) ss
(COUNTY OF San Francisco)

On this 5th day of November, 2002, before me personally appeared Dean Cash, to me personally known, who being duly sworn, did depose and say that such person is President of AT&T Capital Equipment Fund III, LLC and that the foregoing Master Full Service Lease Agreement was signed on behalf of said corporation by authority of its Board of Directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

(seal)

Noemi Ramos
Notary Public

